

1-1527

22 July 1949

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By dear



I wish to acknowledge receipt of your letter of 16 July 1949. As I explained when you visited my office in May, the subject discussed is entirely and properly one that concerns the Army and not the Central Intelligence Agency.

Consequently, I have forwarded your letter to the Director of Intelligence, United States Army.

With kindest personal regards, please believe me,

Sincerely,

Signed & dispatched 7/22/49

R. H. Hillenkotter
Rear Admiral, USN
Director of Central
Intelligence

cc - Director of Intelligence
General Staff, U. S. Army

D: RHH/gc

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[redacted]
18 July 1949

Dear Admiral Hillenkoetter:

You will probably recall my visit to your good office on or about 10 May 1949 and our discussion relative to matters of Communist activities at the Army Finance Center, St. Louis, Missouri.

I spent the entire day of 11 May and 12 May 1949 in the office of the Inspector General of the Army and submitted to his office all of the pertinent information which I had in my possession at that time. I also discussed at length with them, the matter of over-payments of Family Allowance, and Class "E" Allotment, and the connection of the over-payments with the Communist Party in St. Louis, and elsewhere.

On or about 31 May I received a request from the office of the Inspector General to submit to them a list of names of persons employed at the Center who are aligned with the Party. I complied with their request and forwarded them a list of approximately sixty-two persons who are assigned to key civilian jobs in the Center.

Today it has been brought to my attention that General Foster the Chief of Finance in Washington has within the past ten days issued a directive to the effect that no further effort shall be made to effect collection of overpayments of Class "E" Allotment made to former Army officers and their dependents. In this connection, this directive was based upon the case of [redacted]
a former Army officer, and now a civilian employee, whose address is [redacted]

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Pentagon Building, Washington. This case is covered by Adjustment Division, Army Finance Center, [redacted] and Colonel Barnes the officer in charge of the Adjustment Division attempted in a letter dated 13 April 1949, addressed to the National Bank of Commerce in San Antonio, Texas, to effect collection of an overpayment of \$450 involved in the case folder. This was a Class "E" Allotment over-payment, and General Foster in turn reprimanded Colonel Barnes for attempting to make this collection and stated that "the United States Government is impairing the credit standing of former army officers to attempting to make such collections". It would seem to me that if this man is employed by the United States Government now in a civilian capacity, he would be in a position to pay to the Government the total amount of the overpayment. As you probably know, this \$450 represents taxpayers money and there was no deduction made to offset this overpayment. Evidently [redacted] knew someone to pull some strings for him.

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I am passing this information along to you for whatever it may be worth. Also, the Comptroller General recently ruled that all money paid to the Filipino Scouts dependents, as American soldiers, should be classified as an overpayment. In this connection, there are case folders in the Army Finance Center on these Scout cases, to the tune of another cold Ten Million Dollars of the taxpayers money, and I do not believe it will be an easy job to effect restitution of this money.

I have been informed that Judge Gardner who I am told is legal advisor to General Foster, Chief of Finance, advised against the decision made by General Foster in the [redacted] case referred to above. Nevertheless, a directive was issued and in the future there will be no attempt made to obtain restitution on these cases. The cases will instead be referred to the Waiver Board and the entire amount of the over-payment waived, and no one but the Communists will ever know what happened to the money.

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I have been advised by the Fellow Traveler Personnel Chief at the Army Finance Center that my services have definitely been dispensed with and that I shall never have the privilege of working for the Federal Government again. Frankly, this is a little bit hard for we [redacted] people to have to take from such a gang as controls this installation. I never thought as a native [redacted] and an American STAT woman that things would come to this state, but all I can look forward too is for the proper action to be taken by some of the good people. However, in the meantime they have cheated me out of my livelihood and this will probably mean that I will have to sacrifice my home and everything for which I have worked for many years.

Again thanking you for your kindness to me on my recent visit to your office, and with best personal regards, I remain,

Respectfully yours,

[redacted]

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